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ADMINISTRATIVE AND FINANCIAL MATTERS

Note by the Executive Secretary

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I. INTRODUCTION

1. This note addresses four issues:

(a) Income and expenditure for all UNFCCC trust funds in 1998-1999 (section II);

(b) Status report on personnel (section III);

(c) The carry-over balance (section IV); and

(d) Administrative arrangements between the secretariat and the United Nations (section V).

2. This note is supplemented by an in-session document reporting on the latest status of contributions (FCCC/SBI/1999/INF.5).

3. The Subsidiary Body for Implementation (SBI) may wish to request the secretariat to prepare, for consideration at its eleventh session and for adoption by the Conference of the Parties at its fifth session (COP 5), an omnibus decision that consolidates all conclusions on administrative and financial matters other than the programme budget.

II. INCOME AND EXPENDITURE REPORT FOR 1998-1999

A. Trust Fund for the Core Budget of UNFCCC

1. The budget

4. The 1998-1999 biennium budget, as approved by the Conference of the Parties at its third session and adjusted slightly by the SBI at its eighth session,[1] is summarized in table 1 below.

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[1] See decision 15/CP.3 (FCCC/CP/1997/7/Add.1) and FCCC/SBI/1998/6, paragraph 72. The net result of the adjustment of the budget by the SBI at its eighth session, following the incorporation of the post-Kyoto contingency approved at COP 3, was to reduce the 1998 budget by $81,900 and to increase the 1999 budget by $82,000.

Table 1. UNFCCC core budget 1998-1999
*(United States dollars)**

	1998	1999	TOTAL
Programmatic expenditures	8 453 000	10 208 800	18 661 800
Overhead charge paid to United Nations	1 098 900	1 327 100	2 426 000
Increase in working capital reserve	93 400	164 700	258 100
TOTAL APPROVED BUDGET	**9 645 300**	**11 700 700**	**21 346 000**
Less contribution from the host Government	(887 600)**	(887 600)**	(1 775 200)
NET TOTAL BUDGET (to which the indicative scale of contributions is applied)	**8 757 700**	**10 813 100**	**19 570 800**

* Figures rounded off to the nearest $100.
** US$ 887,600 was calculated at the rate of US$ 1 = DM 1.69, prevailing at the time of the budget preparation, but actual receipts were only $837,989 in 1998 and $874,503 in 1999 as indicated in paragraphs 5 (b) and 7 (b) respectively.

2. Income

5. The following income was received by 31 December 1998:

(a) $6,112,021 in 1998 contributions from Parties. Taken together with the $45,221 of 1998 contributions received in 1997, this amounts to $6,157,242 or only 70.3 per cent of the 1998 "net total budget" from table 1;

(b) 1,500,000 deutsche mark ($837,989 at US$ 1 = DM 1.79, as at January 1998) received from the host Government promptly at the start of 1998. Taken together with the contributions indicated in subparagraph (a) above, total income amounted to $6,995,231, which constitutes 72.5 per cent of the 1998 "total approved budget" from table 1;

(c) $685,468 in 1996-1997 contributions from Parties which are not useable except as discussed in the context of carry-over issues, as considered in section IV below;

(d) $676,488 in 1999 contributions from Parties. These arose largely from payments for the conference services contingency, which proved unnecessary, and retroactive adjustments arising from the change in the indicative scale approved by COP 4 (decision 17/CP.4).[2]

6. By 31 March 1999, an additional $1,805,543 in 1998 contributions had been received. Thus, $7,962,788 or 91 per cent of indicative contributions had been received. Together with the contribution from Germany, a total income of $8,800,774, amounting to 91.2 per cent of the 1998 "total approved budget" was received. Contributions for 1998 have been paid in full, or in part, by 81 Parties.

7. The situation at 31 March 1999 as regards contributions for 1999 is as follows:

(a) $1,927,663 in 1999 contributions from Parties have been received. Taken together with the 1999 contributions received in 1998, reported in subparagraph 5 (d) above, this amounts, at the end of the first quarter, to $2,604,151 or 24 per cent of the 1999 "net total budget" from table 1.

(b) 1,500,000 deutsche mark ($874,503 at the rate of 1 US$ = DM 1.7152, as at February 1999) received from the host Government promptly at the start of 1999. Taken together with the contributions indicated in subparagraph (a) above, total income at the end of the first quarter amounts to $3,478,654, which constitutes 29.7 per cent of the 1999 "total approved budget" in table 1.

8. The cash flow problems arising from the late payment of contributions identified in the previous biennium continue, and may have, in fact, become even worse. This has significant implications for the operations of the secretariat and for the Convention process, which are addressed further in section IV below on the carry-over issue.

3. Expenditures

9. Expenditures for 1998 are shown by programme in table 2 and by object of expenditure in table 3. The expenditure figures are those recorded by the United Nations Office at Geneva in the accounts and are subject to a final review and reconciliation, which is currently under way. Final figures will differ slightly from those presented here.

10. The 90 per cent rate of expenditure for the secretariat as a whole is higher than the 85 per cent rate predicted in the note by the Executive Secretary to COP 4 on financial performance (FCCC/CP/1998/8, para. 14). The difference is explained by two expenditures:

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[2] See document FCCC/CP/1998/16/Add.1.

- The $387,690 advanced to the Resources, Planning and Coordination (RPC) Programme for administrative costs, which is to be repaid from recently received programme support (overhead) funds;

- An amount of $120,000 for costs related to COP 4, charged to the Conference and Information Support (CIS) Programme, that is to be reimbursed by the Government of Argentina as host of COP 4 and payment of which is expected shortly.

These two factors also explain the over-expenditure in the RPC and CIS programmes.

11. Expenditures in 1999 are expected to be in the range of 90 per cent of the budgeted amounts.

Table 2. 1998 expenditures by programme
(United States dollars)

Programme	Budgeted	Actual expenditure	%
Executive Direction and Management	621 300	521 484	84
Science and Technology	2 338 800	1 463 661	63
Implementation	2 392 800	2 194 416	92
Conference and Information Support	1 499 500	1 516 929	101
Resources, Planning and Coordination	1 600 600	1 893 671	118
Total	**8 453 000**	**7 590 161**	**90**

Table 3. 1998 expenditures by object of expenditure
(United States dollars)

Object of expenditure	Budgeted	Actual expenditure	%
Staff costs	6 088 300	4 957 130	81
Consultants	532 000	686 798	129
Travel of participants	262 500	179 658	68
Travel of staff	257 500	416 038	162
General operating expenses	962 700	951 228	99
Grants and contributions	350 000	399 310	114
Total	**8 453 000**	**7 590 162**	**90**
Administrative support	1 098 890	986 721	90
Grand total	**9 551 890**	**8 576 883**	**90**

12. Expenditures related to staff costs were lower than the average due to the number of vacancies in the secretariat, which was reduced considerably in the second half of 1998 (see section III below). Consultants were used to fill some of the gap, resulting in expenditures above those budgeted for this object of expenditure. Expenditures on travel of participants were lower than budgeted because fewer workshops than anticipated were organized in 1998 and other sources of funds were used for this purpose. The over-expenditure on travel of staff is explained by two factors. First, it includes $99,129 for preparatory missions for COP 4 that will be reimbursed by the Government of Argentina. Second, there was a much higher requirement for travel relating to the Kyoto Protocol mechanisms which was not provided for in the approved budget. Nevertheless, a review of the travel expenditures is being conducted, the results of which will be reported to the SBI and steps are being taken to ensure that expenditures on travel for the biennium do not exceed budgeted levels. The slight over-expenditure on contributions arises from the fact that, in addition to the budgeted $350,000 contribution to the Intergovernmental Panel on Climate Change, contributions were the most appropriate administrative device to finance cooperation with a number of organizations for services during COP 4 and workshops.

B. Trust Fund for Participation in the UNFCCC Process

13. Table 4 provides detailed information on income and expenditures under the Trust Fund for Participation in the UNFCCC Process. Further information on contributions will be contained in document FCCC/SBI/1999/INF.5.

14. It is hoped that at least one delegate from each eligible Party will be provided with financial support to attend COP 5. If sufficient funds are available, a second participant will be financed from each of the least developed countries and small island developing States. As shown in table 4, however, additional contributions to the trust fund will be required if even the minimum of one participant per Party is to be financed. Funds currently available are only sufficient to finance participation by approximately 30 delegates. To ensure the traditional level of participation funding for COP 5, additional contributions amounting to $600,000 are required.

15. Those Parties which are not least developed countries or small island developing States and which would normally be eligible for financial support to participate in the meetings of the Conference of the Parties and its subsidiary bodies, but which have not yet paid their contributions for 1996 through 1998, will not be considered for funding from the Trust Fund for Participation.

Table 4. Status of the Trust Fund for Participation as at 31 March 1999
(United States dollars)

Income	
Carry forward 1996/1997	1 170 117
Contributions received in 1998	1 014 685
Contributions received in 1999	147 243
Interest	19 244
Cash reserve (10 per cent of 1998 expenditure)	(135 858)
Total income	**2 215 431**
Actual expenditures in 1998	
Eighth sessions of subsidiary bodies, Bonn (84 participants)	323 763
COP 4 and ninth sessions of subsidiary bodies, Buenos Aires (155 participants)	945 510
Bureau meetings and informal consultations	89 304
Total direct expenditure	1 358 577
Programme support charge paid to United Nations	176 615
Total 1998 expenditures	**1 535 192**
Expenditures/commitments in 1999	
Tenth sessions of subsidiary bodies, Bonn (estimate)	400 000
Bureau meetings, workshops and informal consultations	101 739
Total direct expenditures	501 739
Programme support charge paid to United Nations	65 226
Total 1999 expenditures/commitments	**566 965**
Balance available for COP 5	**113 274**

C. Trust Fund for Supplementary Activities

16. Receipts for this trust fund amounted to $1,456,931 in 1998 and $363,254 in 1999 by 31 March 1999. Together with the balance brought forward from the previous biennium, the total income as at 31 March 1999 amounted to $2,933,827. Information on contributions income to the Trust Fund for Supplementary Activities is contained in document FCCC/SBI/1999/INF.5. About 60 per cent of these resources was earmarked for specific activities by the contributing Parties.

17. The following main activities were funded from the Trust Fund for Supplementary Activities in 1998:

Project	**Actual expenditure** *(United States dollars)*
Maintenance of information and outreach support capacity in the Convention secretariat	429 138
Seconded staff bilaterally funded by Governments	263 574
African regional workshops on capacity building *(Dakar, May and October 1998)*	175 304
Workshops on project-based mechanisms, activities implemented jointly *(Abidjan, September 1998)*	105 716
Workshop on land-use, land-use change and forestry (Article 3.4 of the Kyoto Protocol) *(Rome, September 1998)*	35 747
Informal consultations on mechanisms *(Buenos Aires, November 1998)*	24 398
Strengthening the activities of the non-Annex I subprogramme in the area of financial and technical cooperation	20 317

18. As of 31 March 1999, funding has been set aside from the Trust Fund for Supplementary Activities for the following main activities:

Project	Actual budget *(United States dollars)*
Maintenance of information and outreach support capacity in the Convention secretariat	283 800
Technical workshop on mechanisms *(Bonn, April 1998)*	259 300
Strengthening the activities of the non-Annex I subprogramme in the area of financial and technical cooperation	211 683
Workshop on land-use, land-use change and forestry (Article 3.4 of the Kyoto Protocol) *(Indianapolis, April 1998)*	118 847
Fellowship programme	69 800
Improved management of supplementary funds	32 160

19. To better manage supplementary funds, the Executive Secretary has established a project funding group made up of senior staff members representing each programme. The function of the group is to screen projects for the approval of the Executive Secretary and to monitor the use of supplementary funds.

20. The secretariat is undertaking additional fund-raising activities in order to attract both unearmarked contributions and, in the absence of the former, contributions earmarked for specific purposes based on approved projects. Parties may wish to bear in mind the higher transaction costs associated with earmarked contributions, especially when provided with short notice and tight deadlines. In addition, a proposal for funding capacity building related to the Clean Development Mechanism under the Kyoto Protocol has recently been submitted to the United Nations Fund for International Partnership, in collaboration with other United Nations agencies (see FCCC/SB/1999/4).

D. Trust Fund for the Special Annual Contribution from the Government of Germany (Bonn Fund)

21. As part of its offer to host the secretariat in Bonn, the Government of Germany pledged a special annual contribution of 3.5 million deutsche mark to UNFCCC to offset primarily the costs of organizing meetings and events in Germany. The full amount of DM 3.5 million was received in 1998 and the first instalment, amounting to DM 1.75 million, has been received for 1999. The timely payment of these funds, in accordance with bilateral arrangements between the Government of Germany and the Convention secretariat, has helped to ensure the smooth organization of intergovernmental meetings in Bonn.

22. In 1998, DM 1.77 million, or 51 per cent of the Bonn Fund expenditures, was spent on conference facilities and staff support as well as on the processing of documents, DM 0.67 million, or 19 per cent, for information services and DM 0.59 million, or 17 per cent, for informal meetings and workshops in Bonn or in developing countries. The remaining 13 per cent is charged by the United Nations for administrative support.

23. The pattern is expected to be slightly different in 1999, as the requirements for conference facilities will be higher due to the fact that for the first time, both of the annual sessional periods of Convention bodies will be convened in Bonn.

III. PERSONNEL

24. Table 5 provides information, as at 31 March 1999, on the established posts in the secretariat by level and source of funds. It also reports the numbers of posts filled. The occupancy rate stands at 80 per cent for core budget posts. The processing of appointments of four new staff has been finalized, and by 31 May 1999, the occupancy rate will rise to at least 87 per cent. Recruitment actions are under way to fill the remaining vacant posts, with a few exceptions (including the new D-1 post in the cooperative implementation subprogramme) where posts have been frozen to redeploy funds for temporary hirings.

25. The UNFCCC maintains the United Nations goal of 50/50 gender distribution for the year 2000 and beyond. In the core budget posts shown as filled in table 5, the ratio of men to women in the P grades is 52:48 and at D and above it is 84:16.

Table 5. Comparison of established posts and occupied posts in 1998 by source of funding as at 31 March 1999

	Core		Supplementary		Bonn Fund		Overhead		Total	
Level	Approved	Filled	Approved	Filled	Approved	Filled	Approved	Filled	Approved	Filled
ASG	1	1							1	1
D-2	2	2							2	2
D-1	5	4							5	4
P-5	6	6	1	1			1	1	8	8
P-4	9	7			1	1	1	1	11	9
P-3	12	8	1		2				15	8
P-2	6	2	3	1	1				10	3
Subtotal	41	30	5	2	4	1	2	2	52	35
GS	22	20.5	2	2	5	5	5	5	34	32.5
Total	**63**	**50.5**	**7**	**4**	**9**	**6**	**7**	**7**	**86**	**67.5**

IV. CARRY-OVER BALANCE

A. Introduction

26. At its fourth session, the Conference of the Parties (COP) dealt with the financial performance for the biennium 1998-1999. In this context, it noted with concern the significant carry-over from one biennium to the next, arising, *inter alia,* from late payment of contributions. The COP requested the Executive Secretary to present options on how to deal with the issue for consideration and recommendation by the SBI at its tenth session, with a view to taking a decision on this matter, if needed, at a future session of the COP (decision 17/CP.4, part II).

27. This note responds to the above decision by updating the data provided to COP 4 and by outlining apparent future trends in this regard. On this basis, a number of options are submitted to the SBI for its consideration, together with a recommendation by the Executive Secretary.

28. The SBI may wish to formulate a recommendation to the COP for a decision on this matter.

B. Carry-overs: the issue of cash surpluses

29. The accounts for the biennium 1996-1997, the first full financial period of UNFCCC, revealed that there was a significant balance of uncommitted resources in the Trust Fund for the Core Budget at the end of that biennium. This balance was estimated by the Executive Secretary at US$2,744,959 (see FCCC/CP/1998/8, para. 11). Since the close of the biennium, late payment of 1996-1997 contributions has caused this balance to grow by a further $685,468. The total balance is therefore $3,430,427. The actual expenditure in 1996 and 1997 amounted to 78 per cent of the approved budget, compared to the 90 per cent expenditure reported for 1998.

30. The United Nations audited accounts estimated the carry-over at 31 December 1997 as $4,056,685 (FCCC/CP/1998/10, tables 1 and 2). The difference of $1,311,726 over the figure cited in paragraph 29 above represents indicative contributions for 1996-1997 which were unpaid at the end of the biennium and which are considered by the United Nations as receivable and therefore as part of the assets of UNFCCC.[3] This is an "accounting surplus".

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[3] The Trust Fund for the Core Budget is fed by contributions made by Parties on the basis of an indicative scale of contributions (itself based on the scale of assessments of the United Nations), which the Parties have adopted by consensus. Those contributions are provided in respect of a budget, also approved by consensus, and are due by 1 January of each year. While contributions to this trust fund are not therefore assessed contributions, such as those of the United Nations, they display a feature of predictability which allows them to be considered as contributions for which a firm pledge exists. It follows that, if these contributions are unpaid, they are considered, from the accounting point of view as accounts receivable and, in that manner, as part of the resources of the trust fund.

31. The figures provided by the Executive Secretary accounted only for cash in hand. It has been assumed that it is this "cash surplus" which is the carry-over balance of interest to the Parties.

32. With regard to the current biennium, the Executive Secretary estimated that, by the end of 1998, a further 15 per cent of the core budget would remain unspent and that some 15 per cent of the contributions for 1998 would again remain unpaid (see FCCC/CP/1998/8). Expenditures in 1998 have, however, run at a level higher than predicted (see paragraph 10 and tables 2 and 3 above). Thus, provisional and yet unaudited figures indicate that about only 10 per cent of the approved budget for 1998 has not been obligated, as compared to the earlier estimate.

33. As regards possible future trends in expenditures, it is likely that in 1999 and 2000 actual expenditures will be much closer to the authorized budget level. The principal item of expenditure in UNFCCC - as in most secretariats of international organizations - is staff costs (72 per cent of the total approved budget for 1998). The trend in respect of staff costs is significant. As at 1 August 1998, 71 per cent of established posts were filled. However, actual staff costs as of 31 December 1998 are provisionally estimated at about 79 per cent of the amount budgeted for this purpose due to other components of staff costs, especially general temporary assistance used to bridge the "staffing gap". As of 31 March 1999, recruitment had brought the percentage of filled posts up to 85 per cent, with recruitment well in hand for other posts representing a further 7 per cent of the authorized establishment for the core budget. As expenses under other objects of expenditure are expected to remain at, or even in some cases exceed, initially approved budget levels, actual expenditure is poised to approach the level of the approved budget.

34. The situation regarding contributions is more complex. As at 31 December 1997, only 90 per cent of contributions for 1996-1997 had been received, many of which were received late in the financial period. As at 31 December 1998, contributions received for 1998 amounted to only 70.3 per cent of the total amount due, or 72.5 per cent of total approved expenditures; thus, at that date, expenditures had outrun contributions by about 18 per cent. Looking to the future, there seems to be no basis to predict that contributions received during a biennium will rise above a maximum level of 90 per cent.

35. In these circumstances, it is possible to conclude that the problem of expenditure shortfall evident in 1996 and 1997 has been considerably ameliorated and that expenditure patterns are healthy. However, the same cannot be said for contributions. The situation in 1998 was worse than in 1996-1997. In fact, by the end of 1998, all contributions received in that year had been allotted and the resources of the working capital reserve were depleted. The only recourse, aside from laying off all staff funded from the core budget, was to borrow funds from the 1996-1997 carry-over balance on the understanding that significant outstanding contributions would be paid shortly. Thus, the existence of the carry-over balance averted a financial crisis in the Convention process.

36. The implication of this situation is that financial stability in the Convention process cannot be assured without greater predictability and reliability in the payment of contributions or a sizeable reserve. This reserve could take the form of an increased working capital reserve or a combination of the current working capital reserve and a revolving fund derived from the carry-over balance.

C. Possible options for action

37. Two provisions of the financial procedures are relevant in this regard (see FCCC/CP/1995/7/Add.1, decision 15/CP.1, annex I). Paragraph 7 (d) provides that the resources of the Conference include, *inter alia*, "the uncommitted balance of appropriations from previous financial periods". Under paragraph 5, approval of the budget constitutes authority to the head of the secretariat to incur obligations and make payments "provided always that, unless specifically authorized by the Conference of the Parties, commitments are covered by related income". Related income is understood to include actual cash resources, including those arising from previous financial periods.

38. In the light of the above, it appears that four options exist in respect of the carry-over of resources from the biennium 1996-1997, and the further carry-over arising from the biennium 1998-1999. All options relate to the cash surplus rather than the "accounting surplus" discussed above. The options are not mutually exclusive.

Option 1: Repayment to the Parties

39. The carry-over balance could be credited, in whole or in part, against a future biennial budget. This would mean reducing the total figure by the relevant amount before applying the indicative scale of contributions. There are a number of variables that could be examined in this context - for example, which biennial period or periods to choose and whether to reward all Parties or only those which had paid their contributions in full up to a specified point in time.

40. In this context, the standard United Nations practice needs to be considered. Under United Nations Financial Regulations 4.3 and 4.4, once all obligations entered into during a financial period are liquidated, the balance of the appropriations shall be surrendered. Under Financial Regulation 5.2, adjustments to the assessments of Member States are made, *inter alia*, in respect of any balance of appropriations thus surrendered. Unpaid assessed contributions to the United Nations are considered as receivables, and thus as an asset, against which expenditures can be incurred. This is not the case for UNFCCC. Furthermore, the United Nations can, if necessary, use a number of special accounts on a temporary basis; this possibility does not exist in the case of UNFCCC.

41. The net effect of this option would be to provide an incentive for late payment of contributions. In the most extreme case, payment of contributions after the close of a biennium would actually result in a future credit. In the light of the continuing problem with the late

payment of contributions, this option would jeopardize the financial stability of the secretariat and the Convention process.

Option 2: Redeployment of funds

42. The carry-over balance could be transferred, in whole or in part, to the UNFCCC Trust Fund for Participation and/or the Trust Fund for Supplementary Activities. This would result in a cash benefit to the Convention process and relieve pressure for voluntary contributions to the trust funds. Transferring the full amount would, however, place the secretariat in financial jeopardy arising from the problem of late payment of contributions.

Option 3: Maintenance of a cash surplus

43. All or part of the carry-over balance could be retained as a supplement to the working capital reserve and provide the Convention process with financial security by allowing for financial planning and expenditure, up to budgeted limits. The Executive Secretary could be authorized to enter into commitments up to the level of the approved budget, drawing on available cash resources, including such cash surplus as may have been accumulated in previous financial periods. This would provide the secretariat and the Convention process with the financial stability necessary for efficient and effective operations without requiring any additional cash contributions from Parties. It might be possible to determine an appropriate level of cash surplus and then redeploy or refund the balance of funds in accordance with the options outlined above. A variation on this option would see the carry-over balance, or a large part thereof, incorporated directly into a redefined working capital reserve.

Option 4: Further analysis

44. Parties may wish to defer a decision on this question until further experience of contributions and expenditures has been accumulated. Data from two full biennia would be available in time for a decision by the COP at its sixth session (COP 6).

D. Recommendation

45. At this time the Executive Secretary would recommend a combination of the third and fourth options. To allow for the accumulation of more experience and data, a decision would be deferred until COP 6. In the interim, the Executive Secretary would be authorized to enter into commitments up to the level of the approved budget, drawing on available cash resources, including such cash surplus as may have been accumulated in previous financial periods.

V. ADMINISTRATIVE ARRANGEMENTS

46. The COP, by its decision 17/CP.4, took note of the developments reported by the Executive Secretary in his discussions with the United Nations regarding administrative

arrangements for the Convention, endorsed the efforts to achieve a more rational and efficient approach to the administrative arrangements between the secretariat and the United Nations, and requested the Executive Secretary to report to the SBI at its tenth session on progress made in implementing the new administrative arrangements.

47. A phased plan for the transfer of responsibility for all administrative work to the secretariat is being developed and will be signed by the Executive Secretary and the Director of Administration, United Nations Office at Geneva. It provides for the transfer of all administrative responsibilities by the end of 1999 with the exception of the following:

- Receipt and investment of paid contributions on behalf of UNFCCC;
- Internal and external audit services;
- Classification of posts;
- Issuance and renewals of United Nations laissez-passer and travel certificates;
- Matters related to administrative bodies established by the Secretary-General (for example, on disciplinary matters, appeals, claims for disability).

48. While the plan is being finalized, UNFCCC has continued preparatory work to assume the new functions. In particular, careful consideration is being given to the type of management information system that is most suited to the needs of the secretariat. In addition, staff have been borrowed from United Nations Headquarters to assist in the development of procedures, particularly in the area of personnel management and recruitment.

49. The Executive Secretary is continuing his discussions with United Nations Headquarters on the distribution of the proceeds from the 13 per cent programme support charge paid to the United Nations on all Convention expenditures. The secretariat expects the portion of these funds that it receives to be increased in the light of the new administrative arrangements. It is now possible to repay to the core budget the loans made to cover administrative expenses as authorized by the SBI at its eighth session (see FCCC/SBI/1998/6, para. 72).

50. Further information on developments regarding the administrative arrangements will be conveyed orally by the Executive Secretary. The SBI may wish to take note of this information and provide guidance as necessary.

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